State Board of Equalization

OPERATIONS MEMO

Confidential

No : 1077
Date : January 27, 2000

SUBJECT: EXPANDED DUTIES AND STAFFING FOR THE HEADQUARTERS' CENTRALIZED COLLECTION SECTION – INITIAL CONTACT WITH TAX DEBTOR(S) AND REQUEST FOR PAYMENT ON SPECIFIED ACCOUNTS AND ADMINISTRATIVE WRITE-OFF OF SPECIFIED ACCOUNTS

I. General

The Board has authorized an expanded and augmented role and staffing for the Headquarters' Centralized Collection Section (CCS) in the working and handling of certain collection accounts. This Operations Memo outlines the procedures and implementation plan for this new function within CCS, which will involve CCS staff in the initial taxpayer contact phase and the processing of write-offs on all accounts under a certain dollar amount that also meet other specified criteria. Previously, the CCS has been assigned and has worked collection accounts originating primarily from the Consumer Use Tax Section or the Out-of-State District (OH). Beginning February 1, 2000 (or when this program becomes operational), the Centralized Collection Section will assume the following new duties and responsibilities:

1. Initial contact with taxpayers and request for payment on accounts with new final liabilities with only one new delinquent receivable or "difference" (in IRIS terminology). This would include limited work and follow-up, in addition to the initial contact, on balances between $250 and $25,000 for active accounts and between $500 and $25,000 for closed-out accounts that also meet other specified conditions (see Section II-A below).

2. Preparation and processing of Form BOE-479, Request for Discharge from Accountability, on collection accounts with balances from $500 to $1,000 that meet certain criteria (see Section II-B below).

A new functional area – "QH" - will be created in the Automated Compliance Management System (ACMS) to identify and hold all accounts assigned to the CCS that meet the conditions set forth herein. From periodic, routine processing of the ACMS database, the ACMS assignment-control program will automatically select and assign appropriate cases to the CCS to be worked and will route these cases into this new QH functional area, where they will remain until they are manually or automatically routed out of CCS control. All such cases will retain their original district-of-control prefix designator. The Integrated Revenue Information System (IRIS) will identify these accounts when routed into the QH functional area and will include the CCS phone number on QH account billings sent by IRIS. Once a QH account has been routed to the CCS for work it can be accessed and worked within CCS like any other ACMS account.

Case notes, for example, may be entered into ACMS and will appear in the account history section like any ordinary ACMS account. A QH account will not appear on a CCS collector's worklist until all normal ACMS automated notices have been sent to the taxpayer and allowed response times have expired.

[redacted]

Accounts assigned to CCS for possible write-off should either be written-off or returned to the district of control for additional work within the calendar quarter the case is assigned. If assigned cases meeting the write-off criteria cannot be written-off in the quarter they are assigned, due to workload or other considerations, then CCS should prioritize the write-offs by age of case and every effort should be made to write off the oldest cases during the quarter they are received. On-line write-off forms, both abbreviated small-balance and standard BOE-479 forms, are available as Word templates for use by CCS staff. In addition, development of on-line write-off forms are planned for future implementation in IRIS.

[redacted] Relieved of these routine and less-demanding but time-consuming functions, district office collectors will be able to concentrate on the more difficult cases where their expertise and skills can be more efficiently and productively utilized.

II. Work to be Assigned

A. Select accounts to be assigned to CCS for initial contact with taxpayer and request for payment (with limited follow-up if required, e.g., payment arrangements).

An account will be identified as a QH account and sent by ACMS to the CCS for initial contact and limited work based on the following criteria:

[redacted]

Once an account enters ACMS that meets the above criteria, it will be automatically routed by ACMS into the QH functional area as an assigned case to be worked. IRIS will recognize these accounts and will include the CCS phone number on the initial demand and subsequent billings while the account remains under CCS control. [redacted]

If a payment arrangement is established and payments are being received, the account will be routed into the promise-to-pay state and will remain under CCS control and in the QH functional area until paid in full or until the taxpayer breaks his or her promise to pay.

[redacted]

[redacted]

Accounts identified as meeting the QH criteria and routed into the QH functional state will subsequently proceed through the automated notice states like any normal ACMS account, except the notices on QH accounts will show the CCS phone number and address.

Upon assignment to a work state, the account will be assigned to a collector's worklist (awaiting call). The collector should first review the case in ACMS to ensure that it meets the proper criteria for a QH account and is ready to be worked. The collector should then contact the taxpayer, either by phone or by written correspondence if necessary, and request payment of the liability in full or, if warranted, suggest that a payment plan might be arranged. Payment plans should be pursued only if the taxpayer cannot pay the liability in full. [redacted]

[redacted]

[redacted]

If ordinary issues arise such as penalty relief or possible billing adjustments, the collector should work and follow-up on those issues until they are resolved, or for as long as the account remains a QH account under CCS control.

[redacted]

B. Select accounts to be assigned to CCS for write-off.

[redacted]

[redacted]

[redacted]

Once the system has identified an account meeting all the above conditions (these parameters may be modified as program developments or future needs dictate) and has routed it to CCS for possible write-off, the case will be assigned to a collector's worklist and the following procedure should be followed:

1. The account should first be reviewed in ACMS (particularly the history section) for any notes or indication that it might not be ready for write-off, e.g., there appears to be obvious taxpayer assets, the account is not in a legal holding state but notes indicate the taxpayer has filed bankruptcy, there is an offer-in-compromise pending, there is current, unresolved activity on the account, etc. This review should also verify that the account has been previously worked and that adequate attempts have been made to contact the taxpayer and collect the liability or otherwise resolve the case. The collector reviewing the account should check to see that at least some case notes have been entered and that appropriate user actions have been attempted or taken to clear the liability. If the ACMS review indicates the account needs additional work before being written off, the collector should discuss the particulars with his or her supervisor and the case, if warranted, should be routed back to the district for further work. The first-line supervisor, or his or her designee, must approve such transfers and appropriate notes should be entered in ACMS documenting the reasons for the transfer.

2. If there is no indication in the ACMS record that assets may be available or that the case may otherwise not be appropriate for write-off, the collector should verify that asset checks have been done recently on the account. If the case has been sufficiently worked but there is no evidence in ACMS that asset checks have been done in the last six months, the collector should request an EDD employment check and an FTB check of the taxpayer's last income tax returns filed. No other asset checks are necessary, given the amount of liability involved. If the EDD or FTB checks indicate the taxpayer may be currently employed or is filing current income tax returns reporting apparently sufficient income to pay the liability, the collector should review the account with supervision and the case should be routed back to the district for more work, if warranted.

3. If there are no assets and no further work is required on the account, the collector should then proceed with the preparation and processing of Form BOE-479, Request for Discharge from Accountability - either the abbreviated [redacted] small-balance write-off or the regular BOE-479. On-line versions of these forms are being developed but until they are in place, paper documents will be utilized.

III. Staffing Levels

Initial staffing for the QH area of responsibility within Centralized Collections will consist of the following additional personnel:

1 - Business Taxes Compliance Supervisor I (BTCS I).
2 - Business Tax Representatives (BTRs).
12 - Tax Technician IIIs (TTIIIs).
1 - Office Assistant for support activities (OA).

It is anticipated that the BTRs will act as lead persons for the TTIIIs.

IV. Obsolescence

This Operations Memo will become obsolete after its provisions are incorporated into the appropriate compliance manuals.

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